

01/26/00  
jc688 U.S. PRO

01-27-00

A

Please type a plus sign (+) inside this box → ☐

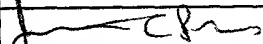
PTO/SB/05 (4/98)  
Approved for use through 09/30/2000. OMB 0651-0032  
Patent and Trademark Office: U.S. DEPARTMENT OF COMMERCE

Under the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number.

<b>UTILITY PATENT APPLICATION TRANSMITTAL</b> <small>(Only for new nonprovisional applications under 37 C.F.R. § 1.53(b))</small>	Attorney Docket No.	99629
	First Inventor or Application Identifier	Robert L. Cadoux
	Title	PUBLIC STOCK OFFERING METHOD
	Express Mail Label No.	EJ892665505US

<b>APPLICATION ELEMENTS</b> <small>See MPEP chapter 600 concerning utility patent application contents.</small>	<b>ADDRESS TO:</b> Assistant Commissioner for Patents Box Patent Application Washington, DC 20231	
1. <input checked="" type="checkbox"/> * Fee Transmittal Form (e.g., PTO/SB/17) (Submit an original and a duplicate for fee processing)	5. <input type="checkbox"/> Microfiche Computer Program (Appendix)	
2. <input checked="" type="checkbox"/> Specification [Total Pages 20] (preferred arrangement set forth below) <ul style="list-style-type: none"><li>- Descriptive title of the Invention</li><li>- Cross References to Related Applications</li><li>- Statement Regarding Fed sponsored R &amp; D</li><li>- Reference to Microfiche Appendix</li><li>- Background of the Invention</li><li>- Brief Summary of the Invention</li><li>- Brief Description of the Drawings (if filed)</li><li>- Detailed Description</li><li>- Claim(s)</li><li>- Abstract of the Disclosure</li></ul>	6. Nucleotide and/or Amino Acid Sequence Submission (if applicable, all necessary) <ul style="list-style-type: none"><li>a. <input type="checkbox"/> Computer Readable Copy</li><li>b. <input type="checkbox"/> Paper Copy (identical to computer copy)</li><li>c. <input type="checkbox"/> Statement verifying identity of above copies</li></ul>	
3. <input checked="" type="checkbox"/> Drawing(s) (35 U.S.C. 113) [Total Sheets 3]	<b>ACCOMPANYING APPLICATION PARTS</b> 7. <input type="checkbox"/> Assignment Papers (cover sheet & document(s)) 8. <input type="checkbox"/> 37 C.F.R. § 3.73(b) Statement (when there is an assignee) <input checked="" type="checkbox"/> Power of Attorney 9. <input type="checkbox"/> English Translation Document (if applicable) 10. <input type="checkbox"/> Information Disclosure Statement (IDS)/PTO-1449 <input type="checkbox"/> Copies of IDS Citations 11. <input type="checkbox"/> Preliminary Amendment 12. <input checked="" type="checkbox"/> Return Receipt Postcard (MPEP 503) (Should be specifically itemized) 13. <input checked="" type="checkbox"/> * Small Entity Statement(s) <input type="checkbox"/> Statement filed in prior application, Status still proper and desired (PTO/SB/09-12) 14. <input type="checkbox"/> Certified Copy of Priority Document(s) (if foreign priority is claimed) 15. <input type="checkbox"/> Other:	
4. Oath or Declaration [Total Pages 7] <ul style="list-style-type: none"><li>a. <input checked="" type="checkbox"/> Newly executed (original or copy)</li><li>b. <input type="checkbox"/> Copy from a prior application (37 C.F.R. § 1.63(d)) (for continuation/divisional with Box 16 completed)<ul style="list-style-type: none"><li>i. <input type="checkbox"/> DELETION OF INVENTOR(S) Signed statement attached deleting inventor(s) named in the prior application, see 37 C.F.R. §§ 1.63(d)(2) and 1.33(b).</li></ul></li></ul>		
<b>* NOTE FOR ITEMS 1 &amp; 13: IN ORDER TO BE ENTITLED TO PAY SMALL ENTITY FEES, A SMALL ENTITY STATEMENT IS REQUIRED (37 C.F.R. § 1.27), EXCEPT IF ONE FILED IN A PRIOR APPLICATION IS RELIED UPON (37 C.F.R. § 1.28).</b>		
16. If a CONTINUING APPLICATION, check appropriate box, and supply the requisite information below and in a preliminary amendment: <input type="checkbox"/> Continuation <input type="checkbox"/> Divisional <input type="checkbox"/> Continuation-in-part (CIP) of prior application No: _____ Prior application information: Examiner _____ Group / Art Unit: _____ For CONTINUATION or DIVISIONAL APPS only: The entire disclosure of the prior application, from which an oath or declaration is supplied under Box 4b, is considered a part of the disclosure of the accompanying continuation or divisional application and is hereby incorporated by reference. The incorporation can only be relied upon when a portion has been inadvertently omitted from the submitted application parts.		

<b>17. CORRESPONDENCE ADDRESS</b>					
<input type="checkbox"/> Customer Number or Bar Code Label (Insert Customer No. or Attach bar code label here) or <input checked="" type="checkbox"/> Correspondence address below					
Name	Jonathan C. Parks, Esquire				
Address	Kirkpatrick & Lockhart LLP Henry W. Oliver Building, 535 Smithfield Street				
City	Pittsburgh	State	PA	Zip Code	15222-2312
Country	USA	Telephone	(412) 355-6288	Fax	(412) 355-6501

Name (Print/Type)	Jonathan C. Parks	Registration No. (Attorney/Agent)	40,120
Signature		Date	1/26/00

Burden Hour Statement: This form is estimated to take 0.2 hours to complete. Time will vary depending upon the needs of the individual case. Any comments on the amount of time you are required to complete this form should be sent to the Chief Information Officer, Patent and Trademark Office, Washington, DC 20231. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Assistant Commissioner for Patents, Box Patent Application, Washington, DC 20231.

**STATEMENT CLAIMING SMALL ENTITY STATUS  
(37 CFR 1.9(f) & 1.27(b))--INDEPENDENT INVENTOR**

Docket Number (Optional)  
99629

Applicant, Patentee, or Identifier: Robert Cadoux

Application or Patent No.: \_\_\_\_\_

Filed or Issued: \_\_\_\_\_

Title: PUBLIC STOCK OFFERING METHOD

As a below named inventor, I hereby state that I qualify as an independent inventor as defined in 37 CFR 1.9(c) for purposes of paying reduced fees to the Patent and Trademark Office described in:

- ☒ the specification filed herewith with title as listed above.  
☐ the application identified above.  
☐ the patent identified above.

I have not assigned, granted, conveyed, or licensed, and am under no obligation under contract or law to assign, grant, convey, or license, any rights in the invention to any person who would not qualify as an independent inventor under 37 CFR 1.9(c) if that person had made the invention, or to any concern which would not qualify as a small business concern under 37 CFR 1.9(d) or a nonprofit organization under 37 CFR 1.9(e).

Each person, concern, or organization to which I have assigned, granted, conveyed, or licensed or am under an obligation under contract or law to assign, grant, convey, or license any rights in the invention is listed below:

- ☒ No such person, concern, or organization exists.  
☐ Each such person, concern, or organization is listed below.

Separate statements are required from each named person, concern, or organization having rights to the invention stating their status as small entities. (37 CFR 1.27)

I acknowledge the duty to file, in this application or patent, notification of any change in status resulting in loss of entitlement to small entity status prior to paying, or at the time of paying, the earliest of the issue fee or any maintenance fee due after the date on which status as a small entity is no longer appropriate. (37 CFR 1.28(b))

Robert Cadoux

NAME OF INVENTOR

NAME OF INVENTOR

NAME OF INVENTOR

Signature of inventor

Signature of inventor

Signature of inventor

Date

Date

Date

PUBLIC STOCK OFFERING METHOD

Inventor: Robert L. Cadoux

CROSS-REFERENCE TO RELATED APPLICATIONS

5 Not Applicable.

STATEMENT REGARDING FEDERALLY SPONSORED RESEARCH OR DEVELOPMENT

Not Applicable.

10 BACKGROUND OF INVENTION

Field of Invention

The present invention relates generally to methods for publicly offering stock.

Description of the Background

15 Privately-held companies typically launch a public stock offering, often called an "initial public offering", or an "IPO", to raise needed capital to expand their businesses. Traditionally, the company mounting the IPO sets an initial price (the "IPO price) at which the stock will be offered to the public. The IPO price is typically established by an investment banker based on a number of factors, including how much capital the company needs to raise, public reception to  
20 the stock from institutional clients, such as mutual funds, brokerages, and money managers, the

value of stock of similar companies already trading on the open market, and the IPO price of comparable companies that have launched recent IPOs.

Once the IPO price is established, the shares are traditionally subscribed to by underwriters, who buy shares of the stock from the company mounting the IPO at a discounted price such as, for example, seven percent off the IPO price. The capital raised by the offering company is determined by the amount of shares sold to each of the subscribing underwriters at the IPO price. The underwriters then typically sell those shares at the IPO price to large individual and institutional investors, including brokerages. It is those institutions which then initiate the public trading of the stock by selling the shares to investors in the open market.

Typically, the price at which the shares trade on the open market after the initial offering greatly exceeds the IPO price. The offering company, however, does not realize the additional capital associated with the enhanced share price of its stock. Rather, the capital raised by the offering company is limited to the number of shares offered at the IPO price (less the underwriter discount) during the subscription stage of the offering. The difference between the aggregate value of the shares after the IPO and the capital raised by the offering company is commonly referred to as “money left on the table”, because it represents additional money the company could have raised if the IPO price had better reflected the market demand for the stock.

In some instances, such as with some recent Internet IPOs, the amount of money left on the table, and hence unavailable to the treasury of the offering company, can be staggering. For example, on December 10, 1999, FreeMarkets.com offered 3.6 million shares (or 10.6 %) of its stock to the public in an IPO at an offering price of \$48/share. Through the offering, FreeMarkets.com raised \$173 million in capital. However, during the first day of trading, the share price for the stock soared from the IPO price (i.e., \$48) to \$280. Accordingly, if the

company and the IPO underwriter had better anticipated the public demand for the company's stock, the company could have instead raised \$1.008 billion. Consequently, the company effectively left \$835 million on the table.

In view of the market demand for their stock, companies who have left a great amount of money on the table may launch a secondary offering to raise additional capital. A secondary offering, however, is not an initial offering in which a market for the stock is created. Rather, the share price for a secondary offering is contingent upon prior trading, and cannot be established by other pricing models such as the Dutch auction method. In addition, the secondary offering may dilute the value of the initially offered stock, thus decreasing the value of the stock held by company shareholders who acquired shares during the initial offering. Moreover, federal security regulations require a company to prepare a second offering memorandum before the secondary offering, thereby causing the company to incur additional expenses, such as the legal fees associated with the preparation of the second offering memorandum, before it can realize the additional capital from the secondary offering.

To minimize the amount of money left on the table, alternative IPO models have been proposed. One such alternative model is an electronic "Dutch auction method", such as available at [www.openipo.com](http://www.openipo.com) (Open IPO is a registered trademark of W.R. Hambrecht & Co., LLC, San Francisco, CA). According to the Dutch auction method, investors who wish to buy stock in an IPO can simply submit to a subscribing underwriter of the offering a secret, on-line bid for the number of shares they desire. The bids may be above or below a price set by the underwriter. The offering company then sells its stock at the lowest bidding price that will enable the company to sell all of the shares it is offering. As a result, all the winning bidders ultimately pay the same price, which for some bidders may be lower than their bidding price.

Thus, the Dutch auction model allows an offering company to reduce the amount of money left on the table because the selling price of the initial shares is more reflective of the market demand of the stock. However, even with the Dutch auction model, a company launching an IPO can still leave significant amounts of money on the table because all of the offered shares are sold at the lowest bidding price which enables the company to sell all of the shares it is offering.

Accordingly, there exists a need for a method by which privately-held companies can raise capital commensurate with the fair market value of their stock through an initial public stock offering.

## BRIEF SUMMARY OF INVENTION

The present invention is directed to a method for offering stock. According to one embodiment, the method includes offering a first portion of shares of the stock at a first price, and offering a second portion of the shares at a second price after a first trading interval of a first predetermined time period after the offering of the first portion of the shares.

According to another embodiment, the present invention is directed to a method for offering stock including auctioning shares of the stock to be publicly offered to at least one potential subscriber, and awarding an allotment of the shares to the potential subscriber based on the auctioning. The method may also include the potential subscriber offering the allotment of the shares to public investors.

According to another embodiment, the present invention is directed to a method for offering stock including auctioning shares of the stock to be publicly offered to at least one potential subscriber, awarding an allotment of the shares to the potential subscriber at a first

share price dependent upon a bid price of the potential subscriber during the auctioning for a quantity of the shares, offering a first portion of the allotment of the shares by the potential subscriber at the first share price, and offering a second portion of the allotment of the shares by the potential subscriber at a second share price after a first trading interval of a first  
5 predetermined time period after the offering of the first portion of the shares.

The stock offering methods of the present invention represent an advancement over prior IPO models because they reduce the amount of money left on the table by the offering company and, therefore, augment the proceeds available to the treasury of the company from the offering. Further, the methods of the present invention may reduce market volatility for initially offered stock. These and other benefits of the invention will be apparent from the detailed description of the invention hereinbelow.

#### DESCRIPTION OF THE FIGURES

For the present invention to be clearly understood and readily practiced, the present  
15 invention will be described in conjunction with the following figures, wherein:

Figure 1 is a block diagram of a public stock offering method according to one embodiment of the present invention;

Figure 2 is block diagram of the method of the present invention according to another embodiment thereof; and

20 Figure 3 is block diagram of the method of the present invention according to another embodiment thereof.

## DETAILED DESCRIPTION OF THE INVENTION

Figure 1 is a block diagram illustrating a public stock offering method 8 according to one embodiment of the present invention. The method 8 begins at block 10 with the company disclosing a public offering of a certain number of shares of stock in the company to the public through a plurality (N) of serially staged offerings, wherein each staged offering is separated by at least one public trading interval. The disclosure may include offering particulars such as, for example, the total number of shares to be offered, the number of stages of the offering, the length of the public trading intervals between offering stages, the number of shares to be offered at each stage, and how the share price for subsequent stages of the offering is to be determined.

After announcing the parameters of the public offering, the process continues to block 12 where a first portion of the total number shares to be offered are offered to the public during the first stage at a first price ( $T_1$ ). The process continues to block 14, where the first portion of the shares are traded during the first public trading interval on an open market by public investors. During the public trading interval, the first portion of shares may be traded according to any public trading means, including conventional brokerage transactions and on-line trading. At block 16, trading on the first portion of the shares closes with the shares at a second share price ( $T_2$ ). From block 16, the process continues to block 18, where a second portion of the shares to be offered are publicly offered at the second stage at the second share price ( $T_2$ ).

The steps of the method 8 illustrated in Figure 1 may be repeated until the total number of shares to be offered by the company during the offering are completely offered to the public. For example, from block 18, the process may continue to block 20, where the first to  $N-1^{TH}$  portions of the shares are publicly traded during the  $N-1^{TH}$  public trading interval. At block 22, trading of the first to  $N-1^{TH}$  portions of the shares during the  $N-1^{TH}$  public trading interval may end with the



shares at a closing price of  $T_N$ . Then, at block 24, the final portion (the  $N^{\text{TH}}$  portion) of the shares may be offered to the public at the final stage (the  $N^{\text{th}}$  stage) of the offering at a share price of  $T_N$ .

In the above-described embodiment, the number of stages ( $N$ ) of the offering over which the shares are made available for public trading is greater than or equal to two, and may be separated by a trading interval of a time period of any length which can be handled by the market. For example, the length in time of the public trading intervals between stages of the offering may be on the order of hours, days, weeks, etc. Moreover, where the number of stages of the offering is greater than or equal to three ( $N \geq 3$ ), the length of time of the public trading intervals between the stages may be the same. Alternatively, the length of some or all of the public trading intervals could be unequal. For example, where  $N=3$ , the first and second stages of the offering could be separated by a public trading interval of one day, and the second and third stages of the offering could be separated by a public trading interval of two days.

In addition, for the method 8 of the present invention illustrated in Figure 1, an equal portion of shares may be offered at each stage of the offering. For example, if the company discloses an offering of  $X$  number of shares over  $N$  stages, then  $X/N$  shares may be offered to the public at each of the stages of the offering. According to another embodiment, the portion of shares offered at each of the  $N$  stages may be different. For example, if  $N=3$ , then  $X/2$  shares may be offered at the first stage,  $X/4$  shares at the second stage, and  $X/4$  shares at the third stage. In any event, the sum of the portions of the shares offered at each of the  $N$  stages of the offering equals the total number of shares to be offered during the offering. That is,

$$\sum_{n=1}^N S_n = X \quad (1)$$

where  $N$  is the number of stages of the offering,  $S_n$  is the number of shares offered at each stage, and  $X$  is the total number of shares to be offered.

For the public stock offering method 8 of the present invention, the shares may be offered to public investors by subscribers at each offering stage according to, for example, the traditional IPO model or the electronic Dutch auction model. That is, subscribing underwriters may offer the portions of shares at one or more of the stages to large individual or institutional investors as in the traditional IPO model, or the subscribing underwriters may offer the portions of shares at one or more of the stages according to the electronic Dutch auction model. In addition, according to another embodiment, the shares may be offered to public investors by the offering company via a direct public offering (DPO). Such a DPO may be realized, for example, by on-line offering of the shares directly from the offering company to the public investors via a computer network, as described hereinbelow. According to another embodiment, the shares may be offered to public investors at some or all of the offering stages by any combination of these methods.

The method 8 of the present invention provides an advantage over the traditional IPO method and the Dutch auction method because it reduces the amount of money left on the table for the offering company. This is because for the method 8 illustrated in Figure 1, the offering company is effectively able to adjust the IPO price of the shares to reflect the market demand for the stock at different times during the course of the offering. Furthermore, public investors may be fully disclosed as to the parameters of the offering, such as to the details regarding the total number of shares to be offered, the number of stages, the length of the public trading intervals between offering stages, the number of shares to be offered at each stage, and how the share price for subsequent stages of the offering is to be determined. Thus, the method 8 illustrated in

Figure 1 is not subject to the diluting effect of a secondary offering because the disclosure of the offering particulars to potential investors prior to the first offering stage.

Figure 2 is a diagram of the method 8 of the present invention according to another embodiment. The method 8 illustrated in Figure 2 is similar to that illustrated in Figure 1, except that from block 14, the process continues to block 30, where the second portion of the shares are offered at the second stage at a share price of  $T_2$ , which is not the closing price that the first portion of shares after the first trading interval. Rather, the second share price  $T_2$  may be a predetermined price such as, for example, a share price established according to, for example, traditional IPO pricing techniques. In addition, according to another embodiment, the second share price  $T_2$  may be determined based on the closing price of the first portion of shares during the first trading interval. For example, the second share price  $T_2$  may be 5% more than the closing price of the first portion of shares during the first trading interval.

In addition, for the method 8 illustrated in Figure 2, where the number of stages of the offering is greater than two (i.e.,  $N \geq 3$ ), the process may continue until all of the shares to be offered to the public are distributed over the  $N$  stages. For example, from block 30 the process may continue to block 20, where the first to  $N-1^{\text{TH}}$  portions of the shares are traded during the  $N-1^{\text{TH}}$  public trading interval. Then, from block 20 the process may continue to block 32, where the  $N^{\text{TH}}$  portion of the shares are offered at the  $N^{\text{TH}}$  stage at a share price of  $T_N$ , wherein the share price  $T_N$  is not the closing price of the first to  $N-1^{\text{TH}}$  portions at the end of the  $N-1^{\text{TH}}$  trading interval.

According to another embodiment of the method 8 illustrated in Figure 2 where  $N \geq 3$ , although the share price  $T_2$  for the second stage of the offering may be different than the closing

price of the first portion of shares during the first trading interval, the share price for a subsequent stage of the offering may be determined by the closing price of the share portions traded during the previous public trading interval. According to another embodiment of the present invention where  $N \geq 3$ , the share price  $T_2$  for the second stage offering may be the closing share price of the first portion of shares traded during the first public trading interval, and the share price of a subsequent stage of the offering may be different from the closing price of the portions of shares trading during the previous public trading interval. According to other embodiments of the present invention, subsequent share prices may be established according to a combination of, for example, both the closing share price during the previous public trading interval and a predetermined share price, such as a share price determined by an underwriter according to conventional IPO pricing techniques.

The stock offering method 8 illustrated in Figures 1 and 2 may be facilitated by, for example, communications between the offerer of the shares and the public investors via a computer network such as, for example, the Internet or an intranet. For example, some of all of the first to  $N^{\text{TH}}$  portions of the shares may be offered from an interface document such as, for example, an HTML or XML web page, hosted by a server. The server may be maintained by the offerer of the shares, which may be, for example, an underwriter for the traditional IPO method and the Dutch auction method, or the offering company for a DPO. The server may be in communication with end user terminals of the public investors, such as personal computers, laptop computers, and personal digital assistants, via, for example, TCP/IP communications links. The public investors may purchase shares by submitting purchase requests to the server via the TCP/IP communications links. The server may compile the purchase requests and execute

the offering according to operating instructions stored by the server or a device in communication with the server.

The present invention is also directed to a method of subscribing to shares of stock to be publicly offered. Traditionally, as explained hereinbefore, underwriters subscribe to a public stock offering and then establish the IPO price. Alternatively, in some instances, the IPO price may be effectively established according to the Dutch auction model, as described hereinbefore. In either case, the amount of capital available to the company launching the IPO is limited to the offered shares at their IPO price (less an underwriter discount). According to an embodiment of the present invention, the company launching the IPO auctions the shares to be made public during the offering to potential subscribers. Therefore, rather than having the subscribers (i.e., underwriters) establish an IPO price according to traditional models, the IPO price can be established by an auction among potential subscribers.

The auction among the potential subscribers may be, for example, a conventional auction, wherein the highest bidders are awarded an allotment of the shares until all of the shares to be offered are awarded to at least one of the potential subscribers. According to one embodiment, all of the shares to be publicly offered are awarded to the highest bidder among the potential subscribers. According to another embodiment, a number of potential subscribers are awarded allotments of the shares to be publicly offered, provided that all of the shares to be publicly offered are awarded. For example, assume the company launching the IPO intends to offer 1,000,000 shares to the public, and potential subscribers bid for quantities of the shares to be offered as follows:

TABLE 1

<u>Bidder</u>	<u>Quantity Requested</u>	<u>Bid Price (per share)</u>
1	300,000	\$ 15
2	300,000	14
3	300,000	13
4	300,000	12
5	300,000	12
6	300,000	10

Then, according to such a scenario, Bidder 1 may be awarded an allotment of 300,000 shares at \$15/share, Bidder 2 may be awarded an allotment of 300,000 shares at \$14/share, Bidder 3 may be awarded an allotment of 300,000 shares at \$13/share, and Bidders 4 and 5 may be awarded an equal allotment of the remaining 100,000 shares at \$12/share. The winning subscribers may then offer the shares to the public according to, for example, the traditional IPO method, wherein the subscribers sell the shares to large individual and institutional investors, who then offer the shares publicly. According to another embodiment, the subscribers may offer their shares to the public according to the Dutch auction model, such as the electronic Dutch auction model available at [www.openipo.com](http://www.openipo.com).

According to another embodiment, the allotments of the shares may be awarded among the winning bidders at the lowest winning bid price for which all the shares to be offered to the public are subscribed to. For example, for the scenario outlined in TABLE 1 hereinbefore, because \$12/share is the lowest bid at which all 1,000,000 of the shares to be offered are subscribed to, Bidders 1, 2, and 3 may each be awarded an allotment of 300,000 shares at \$12/share, and Bidders 4 and 5 may be awarded an equal allotment of the remaining 100,000 shares at \$12/share. Again, as described hereinbefore, the winning subscribers may then offer

the shares to the public according to, for example, the traditional IPO model or the Dutch auction model.

The stock offering method 8 described hereinbefore with reference to TABLE 1 may be facilitated by, for example, communications between the offerer of the shares and the bidders via a computer network such as, for example, the Internet or an intranet. For example, the bidding of the shares may be conducted from an interface document such as, for example, an HTML or XML web page, hosted by a server. The server may be maintained by the offerer of the shares. The server may be in communication with end user terminals of the bidders such as, for examples, personal computers, laptop computers, and personal digital assistants, via, for example, TCP/IP communications links. The bidders may place bids for a quantity of the shares by submitting their bids to the server via the TCP/IP communications links. The server may compile the bids and execute the auction according to operating instructions stored by the server or a device in communication with the server.

According to another embodiment of the present invention, the company launching the IPO may auction the shares to be offered to the public to subscribers as discussed hereinbefore, and then the subscribed-to shares may be offered to the public according to the serially staged offering method described hereinbefore with respect to Figures 1 and 2. Figure 3 is a block diagram of the method 8 according to such an embodiment. The method 8 begins at block 10, with the company launching the IPO disclosing the number of shares to be offered and the number of offering stages. As discussed hereinbefore, the disclosure may include the total number of shares to be offered, the number of stages, the length of the public trading intervals between offering stages, the number of shares to be offered at each stage, and how the share price for subsequent stages of the offering is to be determined. From block 10, the process continues

to block 40, where the offering company auctions the shares to potential subscribers. As a result of the auction, at block 42, a winning subscriber is awarded an allotment of the shares at a share price of  $T_1$ . According to one embodiment, the allotment may include all of the shares to be publicly offered, such that there is only one subscriber to the offering. According to another  
5 embodiment, the allotment may include a fraction of the total number of shares to be offered, such that a number of potential subscribers may be awarded allotments of the shares. In addition, the price ( $T_1$ ) may be the winning bid price from the auction and may be determined, for example, according to the subscription auction methods described hereinbefore with reference to TABLE 1.

10 From block 42, the process advances to block 12, where a first portion of the allotment of the shares is offered to the public at the first stage of the offering by a subscriber at a share price of  $T_1$ . According to one embodiment, although the shares were awarded to the subscriber at the auction bid price of  $T_1$ , the subscriber may pay a discounted price to the offering company for the subscribed-to shares. From block 12, the process continues as described hereinabove in  
15 conjunction with Figure 1, such that the share price for the portions of the allotment of the shares to be offered at each stage of the offering is determined by the closing price of the previously offered portions during the previous public trading interval. According to another embodiment of the present invention, the share price for the portions of the allotment of the shares at each stage of the offering may not be the closing price of the previously offered portions during the  
20 previous public trading interval, but rather may be, for example, a predetermined share price established, for example, by an underwriter according to, for example, conventional IPO pricing techniques. According to another embodiment of the present invention, for example, subsequent



share prices may be determined according to a combination of the closing share price during the previous public trading interval and a predetermined share price.

Although the present invention has been described herein with regard to certain embodiments, those of ordinary skill in the art will recognize that many modifications and variations of the present invention may be implemented. For example, the methods of pricing the shares may include, in addition to the conventional underwriting model and the Dutch auction model described hereinbefore, all present and future pricing models. The foregoing description and the following claims are intended to cover all such modifications and variations.

## CLAIMS

What is claimed is:

1. A method for offering stock, comprising:  
offering a first portion of shares of the stock at a first price; and  
offering a second portion of the shares at a second price after a first trading interval of a first predetermined time period after the offering of the first portion.
2. The method of claim 1, wherein offering the second portion of the shares includes offering the second portion of the shares at a second price equal to the first price.
3. The method of claim 1, wherein offering the second portion of the shares includes offering a second portion of the shares equal in number to the first portion of the shares.
4. The method of claim 1, wherein offering the second portion of the shares includes offering the second portion after a first trading interval of at least one hour after the offering of the first portion.
5. The method of claim 4, wherein offering the second portion of the shares includes offering the second portion of the shares after a first trading interval of at least one day after the offering of the first portion.

6. The method of claim 1, wherein offering the second portion of the shares includes offering the second portion of the shares at a second price equal to a closing price of the first portion of the shares at an end of the first trading interval.

7. The method of claim 1, wherein offering a first portion of shares of the stock at a first price includes offering the first portion of the shares to a public investor via a computer network.

8. The method of claim 1, wherein offering a second portion of the shares at a second price includes offering the second portion of the shares to a public investor via a computer network.

9. The method of claim 1, further comprising offering a third portion of the shares at a third price after a second trading interval of a second predetermined time period after the offering of the second portion of the shares.

10. The method of claim 9, wherein offering the third portion of the shares includes offering the third portion of the shares after a second trading interval of a second predetermined time period equal in length to the first predetermined time period.

11. The method of claim 9, wherein offering the third portion of the shares includes offering the third portion of the shares at a third price equal to a closing price of the first and second portions of the shares at an end of the second trading interval.

12. The method of claim 9, wherein offering the third portion of the shares includes offering a third portion of the shares equal in number to the second portion of the shares.

13. The method of claim 12, wherein offering a third portion of the shares equal in number to the second portion of the shares includes offering a third portion of the shares equal in number to the first portion of the shares.

14. The method of claim 9, wherein offering the third portion of the shares includes offering the third portion of the shares to a public investor via a computer network.

15. A method for offering stock, comprising:  
offering a plurality of portions of shares of the stock over a plurality of serial offering stages, such that the offering stages are separated by at least one trading interval of a predetermined time period; and

trading at least one portion of the shares during the at least one trading interval.

16. The method of claim 15, wherein offering a plurality of portions of shares includes offering a plurality of equal portions of the shares over the plurality of serial offering stages.

17. The method of claim 15, wherein offering a plurality of portions of shares includes:  
offering a first portion of the shares at a first price; and  
offering a second portion of the shares at a second price after a first trading interval of a first predetermined time period after the offering of the first portion of the shares, wherein the

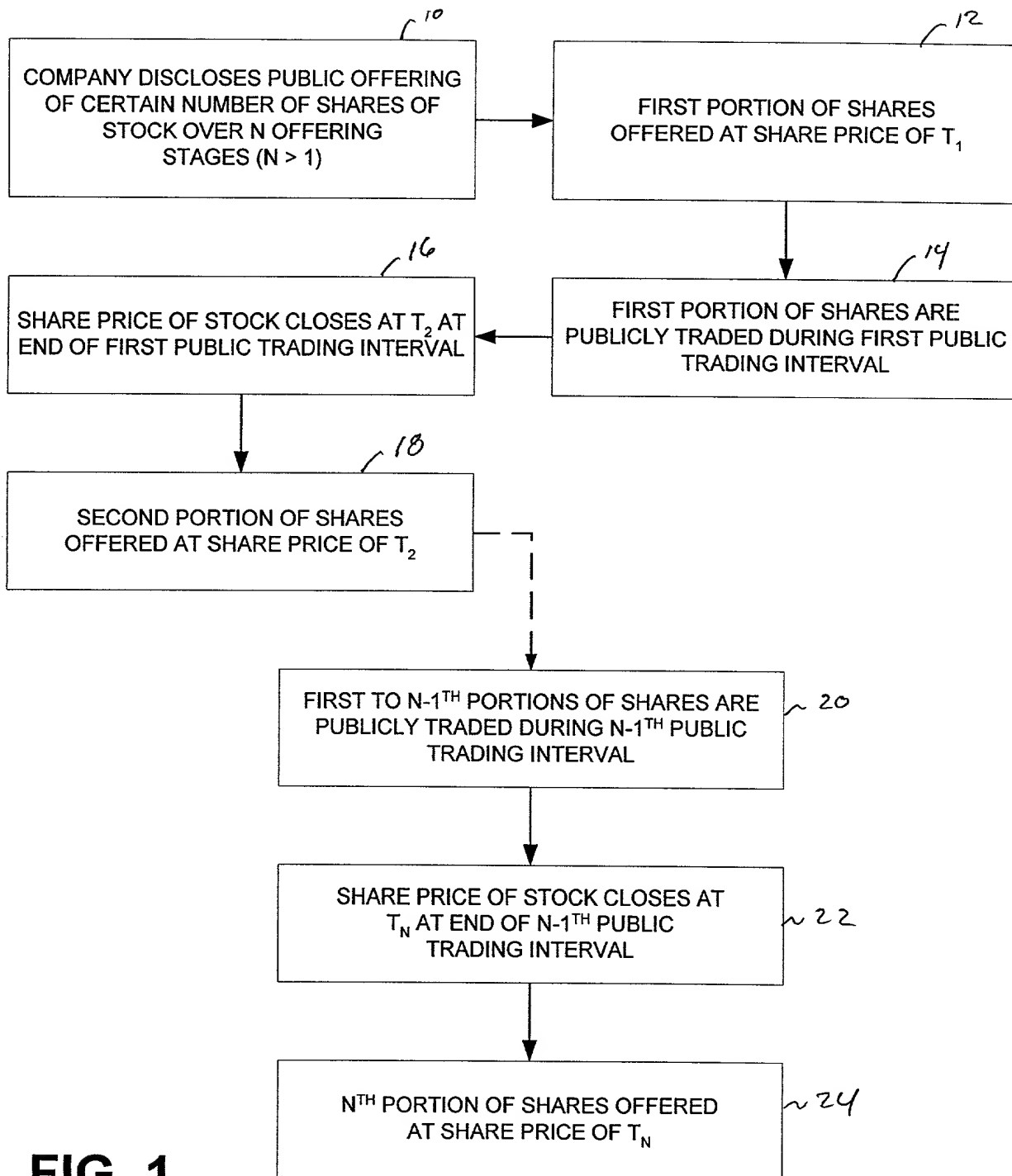
second price is equal to a closing price of the first portion of the shares at an end of the first trading interval.

18. The method of claim 17, wherein offering a plurality of portions of shares further includes offering a third portion of the shares at a third price after a second trading interval of a second predetermined time period after offering of the second portion of the shares, wherein the third price is equal to a closing price of the first and second portions of the shares at an end of the second trading interval.

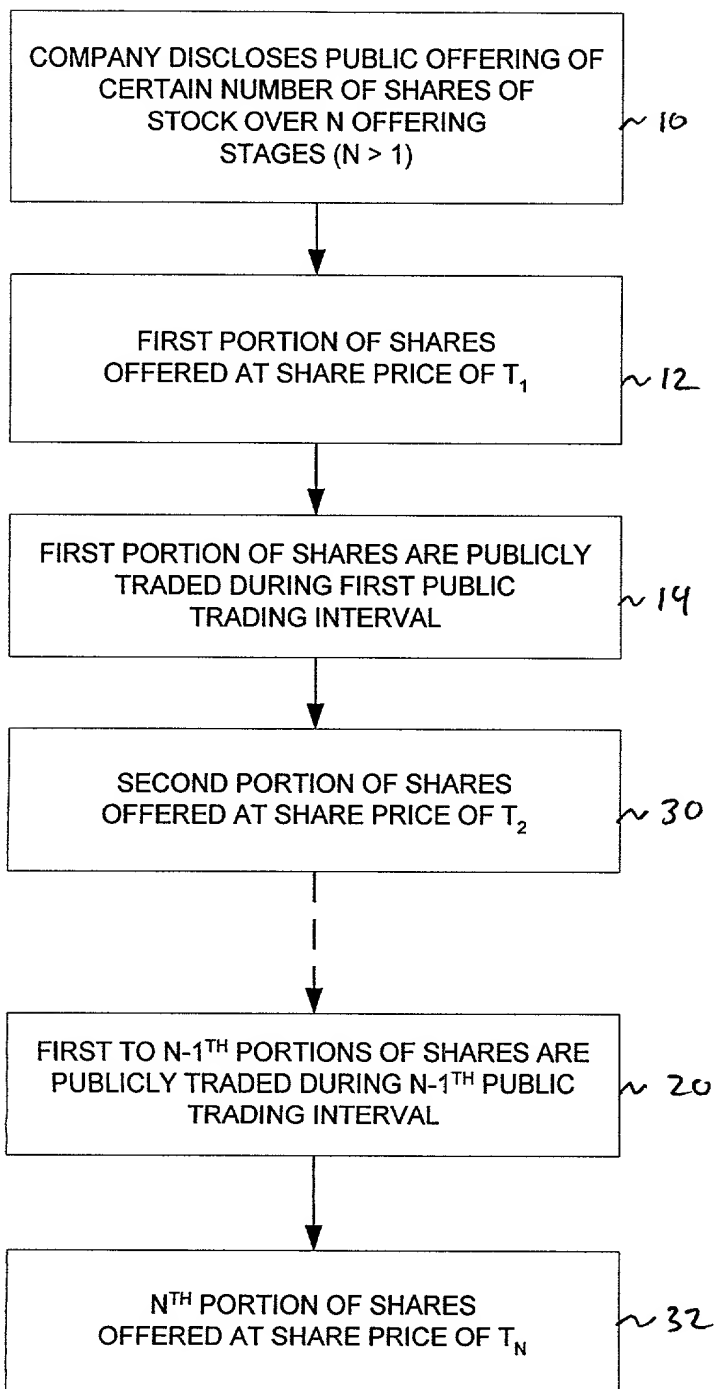
19. The method of claim 15, wherein offering a plurality of portions of shares of the stock over a plurality of serial offering stages includes offering at least one of the plurality of portions of shares to a public investor via a computer network.

## ABSTRACT

A method for offering stock. The method includes offering a first portion of shares of the stock at a first price and offering a second portion of the shares at a second price after a first trading interval of a first predetermined time period after the offering of the first portion of the shares.



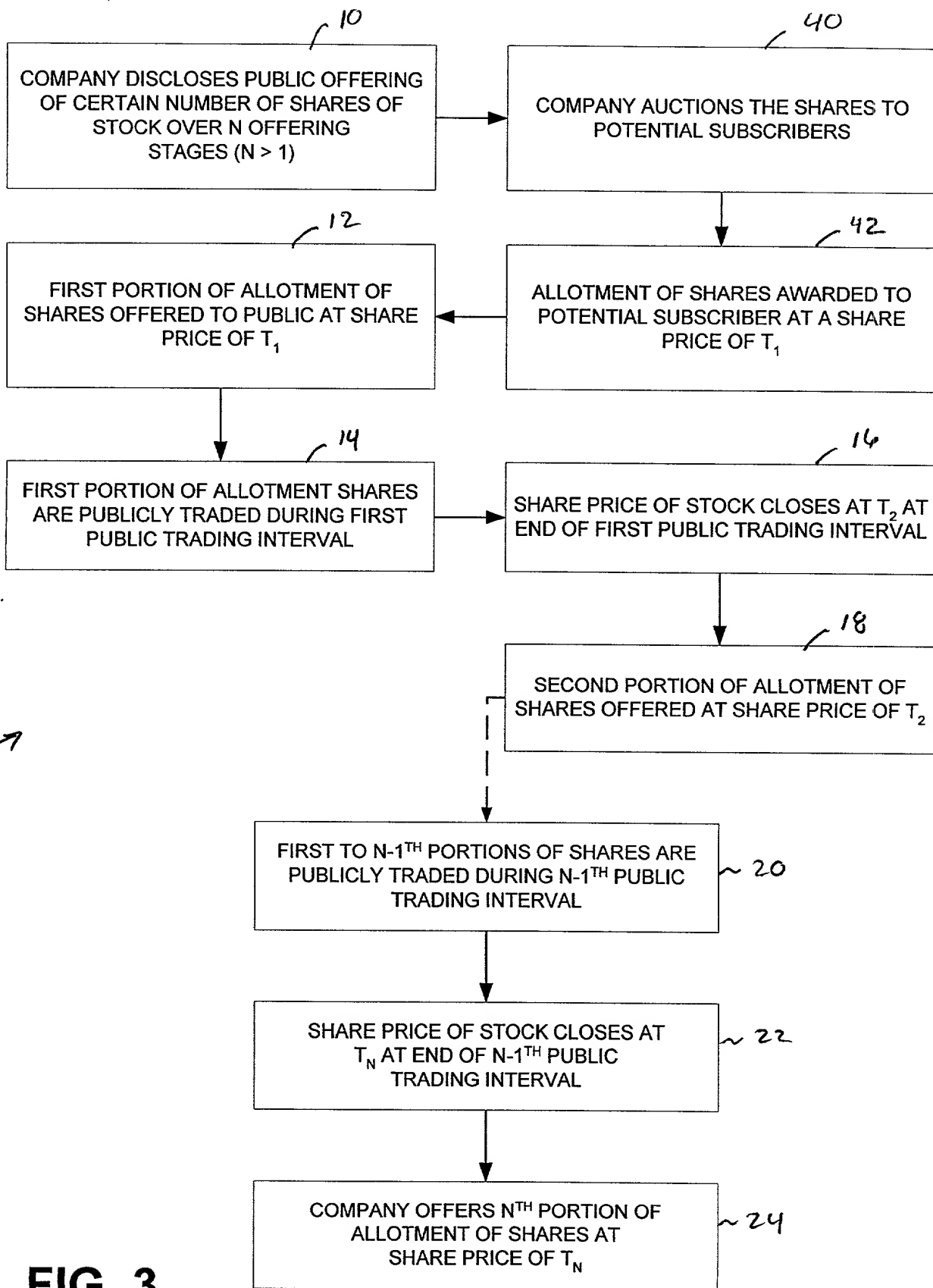
**FIG. 1**



**FIG. 2**

8





**FIG. 3**

ATTORNEY'S DOCKET NO. 99629

PATENT

---

COMBINED DECLARATION AND POWER OF ATTORNEY  
(ORIGINAL, DESIGN, NATIONAL STAGE OF PCT, SUPPLEMENTAL, DIVISIONAL,  
CONTINUATION OR C-I-P)

---

As a below named inventor, I hereby declare that:

**TYPE OF DECLARATION**

This declaration is of the following type:

(check one applicable item below)

- ☒ original.  
☐ design.  
☐ supplemental.

NOTE: If the declaration is for an International Application being filed as a divisional, continuation or continuation-in-part application, do not check next item; check appropriate one of the last three items.

- ☐ national stage of PCT.

NOTE: If one of the following 3 items apply, then complete and also attach ADDED PAGES FOR DIVISIONAL, CONTINUATION OR C-I-P.

- ☐ divisional.  
☐ continuation.  
☐ continuation-in-part (C-I-P).

**INVENTORSHIP IDENTIFICATION**

WARNING: If the inventors are each not the inventors of all the claims, an explanation of the facts, including the ownership of all the claims at the time that the last claimed invention was made, should be submitted.

My residence, post office address and citizenship are as stated below, next to my name. I believe that I am the original, first and sole inventor (*if only one name is listed below*) or an original, first and joint inventor (*if plural names are listed below*) of the subject matter that is claimed, and for which a patent I sought on the invention entitled:

**TITLE OF INVENTION**

**PUBLIC STOCK OFFERING METHOD**

—

(Declaration and Power of Attorney [1-1]--page 1 of 7)

### SPECIFICATION IDENTIFICATION

the specification of which:

(complete (a), (b) or (c))

(a) ☒ is attached hereto.

NOTE: "The following combinations of information supplied in an oath or declaration filed on the application filing date with a specification are acceptable as minimums for identifying a specification and compliance with any one of the items below will be accepted as complying with the identification requirement of 37 CFR 1.63:

"(1) name of inventor(s), and reference to an attached specification which is both attached to the oath or declaration at the time of execution and submitted with the oath or declaration on filing;

"(2) name of inventor(s), and attorney docket number which was on the specification as filed; or

"(3) name of inventor(s), and title which was on the specification as filed."

Notice of July 13, 1995 (1177 O.G. 60).

(b) ☐ was filed on \_\_\_\_\_ as ☐ Serial No. \_\_\_\_\_ or ☐

\_\_\_\_\_ and was amended on \_\_\_\_\_  
(if applicable).

NOTE: Amendments filed after the original papers are deposited with the PTO that contain new matter are not accorded a filing date by being referred to in the declaration. Accordingly, the amendments involved are those filed with the application papers or, in the case of a supplemental declaration, are those amendments claiming matter not encompassed in the original statement of invention or claims. See 37 CFR 1.67.

NOTE: "The following combinations of information supplied in an oath or declaration filed after the filing date are acceptable as minimums for identifying a specification and compliance with any one of the items below will be accepted as complying with the identification requirement of 37 CFR 1.63:

"(1) name of inventor(s), and application number (consisting of the series code and the serial number, e.g., 08/123,456);

"(2) name of inventor(s), serial number and filing date;

"(3) name of inventor(s) and attorney docket number which was on the specification as filed;

"(4) name of inventor(s), title which was on the specification as filed and filing date;

"(5) name of inventor(s), title which was on the specification as filed and reference to an attached specification which is both attached to the oath or declaration at the time of execution and submitted with the oath or declaration; or

"(6) name of inventor(s), title which was on the specification as filed and accompanied by a cover letter accurately identifying the application for which it was intended by either the application number (consisting of the series code and the serial number; e.g., 08/123,456), or serial number and filing date. Absent any statement(s) to the contrary, it will be presumed that the application filed in the PTO is the application which the inventor(s) executed by signing the oath or declaration."

Notice of July 13, 1995 (1177 O.G. 60).

- (c) ☐ was described and claimed in PCT International Application No. \_\_\_\_\_,  
filed on \_\_\_\_\_ and as amended under PCT Article 19 on  
\_\_\_\_\_ (if any).

#### ACKNOWLEDGMENT OF REVIEW OF PAPERS AND DUTY OF CANDOR

I hereby state that I have reviewed and understand the contents of the above-identified specification, including the claims as amended by any amendment referred to above.

I acknowledge the duty to disclose information, which is material to patentability as defined in 37, Code of Federal Regulations, § 1.56,

(also check the following items, if desired)

- ☒ and which is material to the examination of this application, namely, information where there is a substantial likelihood that a reasonable examiner would consider it important in deciding whether to allow the application to issue as a patent, and
- ☐ in compliance with this duty, there is attached an information disclosure statement, in accordance with 37 CFR 1.98.

#### PRIORITY CLAIM (35 U.S.C. § 119(a)-(d))

I hereby claim foreign priority benefits under Title 35, United States Code, § 119(a)-(d) of any foreign application(s) for patent or inventor's certificate or of any PCT international application(s) designating at least one country other than the United States of America listed below and have also identified below any foreign application(s) for patent or inventor's certificate or any PCT international application(s) designating at least one country other than the United States of America filed by me on the same subject matter having a filing date before that of the application(s) of which priority is claimed.

(complete (d) or (e))

- (d) ☒ no such applications have been filed.
- (e) ☐ such applications have been filed as follows.

**NOTE:** Where item (c) is entered above and the International Application which designated the U.S. itself claimed pr check item (e), enter the details below and make the priority claim.

**PRIOR FOREIGN/PCT APPLICATION(S) FILED WITHIN 12 MONTHS  
(6 MONTHS FOR DESIGN) PRIOR TO THIS APPLICATION  
AND ANY PRIORITY CLAIMS UNDER 35 U.S.C. § 119(a)-(d)**

COUNTRY (OR INDICATE IF PCT)	APPLICATION NUMBER	DATE OF FILING (day, month, year)	PRIORITY CLAIMED UNDER 37 USC 119
			<input type="checkbox"/> YES      NO <input type="checkbox"/>
			<input type="checkbox"/> YES      NO <input type="checkbox"/>
			<input type="checkbox"/> YES      NO <input type="checkbox"/>
			<input type="checkbox"/> YES      NO <input type="checkbox"/>
			<input type="checkbox"/> YES      NO <input type="checkbox"/>

**CLAIM FOR BENEFIT OF PRIOR U.S. PROVISIONAL APPLICATION(S)  
(34 U.S.C. § 119(e))**

I hereby claim the benefit under Title 35, United States Code, § 119(e) of any United States provisional application(s) listed below:

**PROVISIONAL APPLICATION NUMBER**

**FILING DATE**

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CLAIM FOR BENEFIT OF EARLIER US/PCT APPLICATION(S)  
UNDER 35 U.S.C. 120**

- ☐ The claim for the benefit of any such applications are set forth in the attached ADDED PAGES TO COMBINED DECLARATION AND POWER OF ATTORNEY FOR DIVISIONAL, CONTINUATION OR CONTINUATION-IN PART (C-I-P) APPLICATION.

**ALL FOREIGN APPLICATION(S), IF ANY, FILED MORE THAN 12 MONTHS  
(6 MONTHS FOR DESIGN) PRIOR TO THIS U.S. APPLICATION**

**NOTE:** If the application filed more than 12 months from the filing date of this application is a PCT filing forming the basis for this application entering the United States as (1) the national stage, or (2) a continuation, divisional, or continuation-in-part, then also complete **ADDED PAGES TO COMBINED DECLARATION AND POWER OF ATTORNEY FOR DIVISIONAL, CONTINUATION OR C-I-P APPLICATION** for benefit of the prior U.S. or PCT application(s) under 35 U.S.C. § 120.

**POWER OF ATTORNEY**

I hereby appoint the following attorney(s) and/or agent(s) to prosecute this application and transact all business in the Patent and Trademark Office connected therewith.

Carol I. Bordas, Reg. No. 37,284; George D. Dickos, Reg. No. 30,048; Thomas J. Edgington, Reg. No. 34,324; Christine R. Ethridge, Reg. No. 30,557; Richard W. James, Reg. No. 43,690, James A. Joyce, Reg. No. 43,700; William E. Kuss, Reg. No. 41,919, James R. Kyper, Reg. No. 27,346; Mark R. Leslie, Reg. No. 36,360; Franklin B. Molin, Reg. No. 37,397; Robert A. Muha, Reg. No. 44,249; Jonathan C. Parks, Reg. No. 40,120, Benjamin T. Queen, II, Reg. No. 41,260, Darren E. Wolf, Reg. No. 36,310 and Robert D. Yeager, Reg. No. 25,047

☐ Attached, as part of this declaration and power of attorney, is the authorization of the above-named attorney(s) to accept and follow instructions from my representative(s).

**SEND CORRESPONDENCE TO**

Mark G. Knedeisen, Esquire  
Kirkpatrick & Lockhart LLP  
Henry W. Oliver Building  
535 Smithfield Street  
Pittsburgh, PA 15222-2312

**DIRECT TELEPHONE CALLS TO:**  
(Name and telephone number)

Mark G. Knedeisen, Esquire  
(412) 355-6342

**DECLARATION**

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

(Declaration and Power of Attorney [1-1]--page 5 of 7)

**SIGNATURE(S)**

*NOTE: Carefully indicate the family (or last) name, as it should appear on the filing receipt and all other documents.*

Full name of sole or first inventor

Robert  Cadoux  
(GIVEN NAME) (MIDDLE INITIAL OR NAME) FAMILY (OR LAST NAME)  
Inventor's signature *Robert Cadoux*  
Date 1/24/00 Country of Citizenship USA  
Residence Hastings-On-Hudson, NY 10706  
Post Office Address 18 Fairmont Avenue, Hastings-On-Hudson, NY 10706

Full name of second joint inventor, if any

(GIVEN NAME) (MIDDLE INITIAL OR NAME) FAMILY (OR LAST NAME)  
Inventor's signature   
Date  Country of Citizenship   
Residence   
Post Office Address

Full name of third joint inventor, if any

(GIVEN NAME) (MIDDLE INITIAL OR NAME) FAMILY (OR LAST NAME)  
Inventor's signature   
Date  Country of Citizenship   
Residence   
Post Office Address

(check proper box(es) for any of the following added page(s)  
that form a part of this declaration)

☐ **Signature** for fourth and subsequent joint inventors. *Number of pages added* \_\_\_\_\_.

\* \* \*

☐ **Signature** by administrator(trix), or legal representative for deceased or  
incapacitated inventor. *Number of pages added* \_\_\_\_\_.

\* \* \*

☐ **Signature** for inventor who refuses to sign or cannot be reached by person  
authorized under 37 CFR 1.47. *Number of pages added* \_\_\_\_\_.

☐ Added page for **signature** by one joint inventor on behalf of deceased inventor(s)  
where legal representative cannot be appointed in time. (37 CFR 1.47)

☐ Added pages to combined declaration and power of attorney for divisional,  
continuation, or continuation-in-part (C-I-P) application.

☐ Number of pages added \_\_\_\_\_

\* \* \*

☐ Authorization of attorney(s) to accept and follow instructions from representative.

\* \* \*

(if no further pages form a part of this Declaration,  
then end this Declaration with this page and check the following item)

☒ This declaration ends with this page.

(Declaration and Power of Attorney [1-1]--page 7 of 7)